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Challenge

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The First Two Years

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TABLE OF CONTENTS

Volume II, Number 2 / February, 1971

- 4 The First Two Years
- 13 Housing Goals: Are They Valid or Just a Numbers Game?
- 16 What Ever Happened to Community Spirit?
- 21 \$42 Million for Low- and Moderate-Income Housing
- 24 Homeownership for Minority Families
- 26 TVRHA: Tennessee Valley Regional Housing Authority
- 29 Rhode Island Ferryboat Recreation Center

DEPARTMENTS

- 3 Looking Ahead
- 12 Editor's Notebook
- 15 Urban Forum
- 20 In Print
- 31 Lines & Numbers

HUD Challenge

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HUD Challenge, the official Departmental magazine, is published monthly by the Office of Public Affairs of the U.S. Department of Housing and Urban Development. Use of funds for printing was approved by the Director of the Bureau of the Budget, May 19, 1970. It serves as a forum for the exchange of ideas and innovations between HUD staff throughout the country, HUD-related agencies, institutions, businesses, and the concerned public. As a tool of management, the magazine provides a medium for discussing official HUD policies, programs, projects, and new directions. **HUD Challenge** seeks to stimulate nationwide thought and action toward solving the nation's housing and urban problems. Material published may be reprinted provided credit is given to **HUD Challenge**. Subscription rates are \$6.00 yearly domestic, and \$7.50 for foreign addresses. Paid subscription inquiries should be directed to: Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Manuscripts concerning housing and urban development are welcome. Send all editorial matter to: Editor, **HUD Challenge**, Room 4282, Department of Housing and Urban Development, Washington, D.C. 20410.

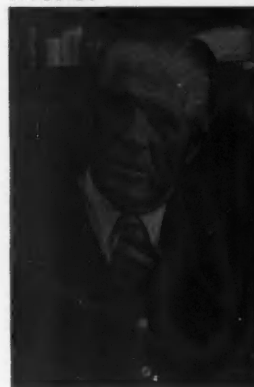
IN THIS ISSUE:



PAGE 26



PAGE 21



PAGE 4



PAGE 16

PAGE 4: Secretary Romney reports on his two years of progress at HUD.

PAGE 16: Is community spirit a lost American tradition, trampled to death in the pell-mell race for affluence, or can it still be saved from mass media, population mobility, and the changing role of the community?

PAGE 21: The National Corporation for Housing Partnerships wants to help mortgage bankers, realtors, and builders produce 110,000 units in five years by providing financing and technical assistance.

PAGE 26: The Tennessee Valley Regional Housing Authority has an innovative approach to public housing: it finances and mortgages housing while its nonprofit subsidiary handles the building, contracting, and management.

NEXT MONTH:

Labor, Industry and Government look at Operation **BREAKTHROUGH**.

COVER: Secretary of Housing and Urban Development George Romney stands in front of the Central Office, Washington, D.C.

looking ahead

BREAKTHROUGH Performance Criteria

A set of performance criteria for housing design developed in connection with Operation BREAKTHROUGH may become the basis for the development of new and improved building codes with national applications. The criteria are the result of HUD's efforts in cooperation with the National Bureau of Standards, the Academies of Science and Engineering, and some of the Nation's outstanding housing designers and producers already using these basic concepts in prototype housing for BREAKTHROUGH. Major code groups throughout the country are now being consulted to further implement the criteria, which should be available for public sale within a few months.

New Method for Loading Modules

A new cost-saving method for loading and unloading preassembled home units was demonstrated in tests conducted by the C&O/B&O railroads and Boise Cascade. The new system involves the use of a "side transfer unit"—a motorized flat bed trailer equipped with pneumatic arms which slide the prebuilt houses on and off the railroad cars. The homes are pushed into position over steel bolsters greased with graphite. The method eliminates massive cranes previously required at both loading and unloading points and a major expense for manufacturers.

Prefabricated Homes for Servicemen

The first development of factory-built homes for U.S. service families is underway at George Air Force Base in Victorville, Calif. The 200-unit project is financed by the Air Force with a \$5.4 million contract to General Electric Co. Designed to demonstrate the practicality of mass-produced, factory housing, the project includes development and operation of a prototype housing factory, which may be used as the basic facility for full-scale production of future military family housing.

Innovative Financing

The Lamar County Water Supply District in Texas recently completed a county-wide water system by using an innovative financing arrangement. The District branched into two legal public bodies—the District and a nonprofit corporation—in order to qualify for funds from HUD, Farmers Home Administration, Texas Water Development Board, and the city of Paris, Tex. About \$3 million was spent on the system, which will serve 13,000 residents of small towns and rural areas. These rural communities previously depended on inadequate shallow wells for their water supply.

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Housing Development Authorities

Increasingly, State legislatures are establishing housing development authorities with authorization for community development, rehabilitation, issuance of bonds, and authorization to own and hold real estate mortgages. These organizations have been started with grants from \$200,000 to \$500,000 with bond issue authorities up to \$20 million. Four of these organizations were approved as FHA mortgagees in one month. During the same period three business and investment trusts with projected investments in insured mortgages up to \$50 million were approved.

Study to Aid Legislatures in Planning

A study to develop an improved system for involving a State legislature in long-range planning and development will be funded with a \$37,750 HUD grant. The project, which will attempt to find a system for keeping the Oklahoma legislature informed about planning and development in the State, will demonstrate the effectiveness of an informed legislature working with the executive branch to strengthen a State's overall planning and development programs.

Blacks Moving to Small Towns

Innecity blacks are beginning to move into rural communities where they tend to replace whites who are leaving smaller towns, according to a professor of geography at Michigan State University. James O. Wheeler says studies of Dowagiac, Covert, Vandalia, and Parkville in southwestern Michigan show almost 50 percent of the blacks in those communities moved there directly from Chicago. While Wheeler says this movement from the innercity is "only a trickle," it could become a trend as industry moves away from the city and blacks enjoy greater financial success.

Filling in With "Infill"

"Infill" is a word being used more and more as cities attempt to fill in vacant lots with housing instead of bulldozing total blocks. In the Boston area two "infill" apartment projects have been built—plus one in Cambridge—undertaken by a group of architects.

Broadband Telecommunication

A proposal has been made to install a two-way broadband telecommunication system in each home in the new town of Jonathan, Minn. The system, proposed by Jonathan Wideband Communications, Inc., could be applied to education, shopping and marketing, traffic control, new community government, journalism, culture, and the arts. Customers would be charged on a monthly basis.

the first two years

*By George Romney
Secretary of Housing and Urban Development*

When I was installed as Secretary of Housing and Urban Development just two years ago the housing situation looked pretty bleak. Not only was housing in short supply, but the Nation was caught up in spiraling inflation and a credit crunch that made the prospects of this Department anything but optimistic. I accepted this position with a full understanding that these uncertain prospects existed, but with a determination to get the job done. According to the pleasure of the President, I intend to do just that.

We are at midpoint in the initial term of the Nixon Administration. At this stage it might be appropriate for me as head of this Department to summarize the fruitful work and achievements of the many HUD employees, both in the central office and in the field. Certainly any achievement so noted has come only as a result of combined and cooperative efforts.

A simple summary such as this, however, cannot possibly include every single worthwhile aspect, but must touch only briefly on the highlights of our activity.

Housing Production Stimulated

Our Department has contributed significantly toward helping the housing industry weather the worst credit crunch in this century, with the current prospect of a surge in housing production sufficient to lead the Nation's overall economic recovery.





During our first two years in office we have counted more than 2.9 million housing starts. Inflation and tight money caused an initial decline in housing starts during the first 15 months of our term. Nevertheless, because of massive support of the mortgage market, the extent of this decline was less than half as great as in the previous credit squeeze of 1966. Moreover, a sharp turn-around in activity has occurred in the past several months and the outlook for 1971 points to production of considerably more than 2 million housing units, including mobile homes. That would be the highest level of total housing production ever, exceeding the previous record set in 1950.

A good indication of how hard we've been working is seen in the production of assisted housing units, the only production over which the Department has direct influence.

The 1969 figure of 160 thousand housing and apartment units for low-income families grew to over 400 thousand in 1970. We have established even higher targets for 1971 and 1972 in line with meeting the Nation's commitment under the 10-year housing goals. Reaching this record level of assisted housing production has been possible only through the grouping of all subsidized housing programs in the Department under Assistant Secretary Gullledge, who was able to unify property standards, establish guidelines and develop monthly quotas for each of HUD's local field offices.

HUD launched a major effort in 1970 to help cities undertake large-scale, low-cost rebuilding of absentee-owned apartment buildings. By year's end, 15 cities were involved in rehabilitating approximately 30,000 units.

Since a growing number of families own and are buying mobile homes, we have taken major steps to help provide mobile home parks. In mid-1969, the Department liberalized the regulations under which it helps developers finance mobile home parks. The long-dormant program came alive with these changes and with subsequent liberalizing legislation. Builders now can provide individual spaces at lower monthly rentals and finance larger parks with more and better facilities. By the end of 1970, commitments were issued for some 220 projects representing approximately 35,000 spaces.

The Money Question in Housing

One of the biggest hurdles to be surmounted

in providing housing is that of adequate financing. A number of recent major innovations in the financial field will help the housing sector withstand any future credit squeezes. These changes, together with appropriate new legislation, will reduce the basic cyclical instability of the housing industry.

The Government National Mortgage Association (GNMA), HUD's home mortgage assistance corporation, has instituted a program of guaranteeing mortgage-backed securities that will tap new sources of funds for the mortgage market—particularly pension and retirement funds. To date, more than \$1.5 billion of these securities have been issued, providing for the financing of more than 80,000 housing units.

In addition, GNMA developed and implemented its Tandem Plan with the Federal National Mortgage Association (FNMA), its partner-backer, to provide mortgages for subsidized housing on more favorable terms than available on the open market. Some \$500 million has been allocated to assist in financing homeownership units (Section 235) and about \$650 million for rental assistance units (Section 236).

Recent legislation has brought new optimism to the mortgage market by way of provisions in the Emergency Home Finance Act of 1970, developed jointly by the Department and the two Congressional Banking and Currency Committees. These provisions authorize the long needed creation of a new secondary market for conventional mortgages. This will provide a major back-stop to the largest portion of the mortgage market in much the same way that FNMA has been providing a back-stop to FHA and VA mortgages.

Other provisions of this emergency legislation have the potential of helping more than half a million families obtain mortgage loans at more reasonable cost than would otherwise be possible. The Federal Home Loan Bank Board (FHLBB) has already begun implementing one of those provisions.

Proposed Legislation Consolidates Authority

Recognizing a fundamental need, we have proposed additional legislation during the course of this Administration that would consolidate the many authorities scattered throughout existing law into a few broad, flexible programs. It would also eliminate obsolete or duplicating authorities and programs and would improve existing operations and subsidy programs.

This proposed legislation would reduce approximately 50 existing FHA programs to eight. Instead of over 40 existing authorities dealing with home ownership and rental housing, we would have only four: one covering all unassisted home mortgages, a second covering all subsidized home mortgages, and one each for unsubsidized and subsidized rental projects.

We are also proposing a consolidation and improvement of the current comprehensive planning program, the community development training and urban fellowships program, and the urban information and technical assistance program. Such a consolidation would not only combine the best aspects of the current programs, but would also encompass planning accomplished under Model Cities and the community renewal and workable programs.

Our proposed Community Development Program would combine all the various urban renewal programs with the basic water and sewer, neighborhood facilities, public facility loan, and open space programs. This would result in a flexible means of providing all types of land acquisition and "hardware" assistance to States and communities in accordance with national priorities for urban growth and revitalization. It would also provide for a continuation of existing authority to assist the various kinds of activities presently eligible for Model Cities supplemental grants.

We also are renewing our proposal for improved new communities legislation.

Just imagine the greater administrative and budgetary flexibility all these changes will permit! They will eliminate a substantial amount of Federal red tape and improve the capacity of our programs to promote national policies toward urban growth and community revitalization.

Organizational Changes Unify Efforts

Of major importance to our overall effectiveness has been the new organization of the Department. Two years ago we found ourselves with a conglomerate of bureaucratic fiefdoms, each nearly autonomous and few willing to cooperate. In the aggregate we had a confusing system of red tape, lengthy processing, and inefficiency.

Our important objective was to unify the administration of programs along functional lines. We grouped construction related programs under one Assistant Secretary, responsibility for management problems and activity under another,

"In the area of Urban Renewal, for example, we cut in half the documentation required for project planning by a city, eliminated 40 percent of the processing steps, and reduced the planning stage of an average project from 35 to 14 months."

planning-related activities under a third, and research, technology and demonstration programs under another. We also combined additional related functions and pinpointed appropriate areas of responsibility under each Assistant Secretary.

We've already seen indications of the far-reaching effect these changes will bring over the years. But that was just the first phase of our reorganization.

We also expanded our regions from six to ten and realigned them to conform to the same geographic boundaries of other Federal human resources agencies. To take the decision-making power down to the level closest to the action, we opened 23 Area Offices, with additional ones to follow this year when HUD completes the entire plan of decentralization. Separate Insuring Offices not becoming Area Offices will continue, and both types will be under the supervision of their



Martin Luther King Square is a moderate-income housing project built under the HUD-FHA 221(d)(3) program in the Western Addition Urban Renewal area of San Francisco, Calif. Kaplan & McLaughlin are the Architects-Planners.

Regional Administrator. We have delegated decision-making authority covering all HUD programs to the Area and Insuring Office level. Rarely will projects be referred to higher authority for decision.

In addition to these important changes we have streamlined HUD programs to cut processing time, simplify requirements, and eliminate superfluous paperwork in areas comprising 75 percent of HUD's budget allotments—Urban Renewal, Water and Sewer Facilities, Open Space Land, Low Rent Public Housing, Multifamily Housing, and Model Cities.

In the area of Urban Renewal, for example, we cut in half the documentation required for project planning by a city, eliminated 40 percent of the processing steps, and reduced the planning stage of an average project from 35 to 14 months.

The overall effect of these fundamental changes should be to make HUD programs more responsive to the needs of U.S. citizens.

Operation BREAKTHROUGH Seeks Improvement

Since 1949 this country has been working to provide "a decent home and a suitable living environment for every American family." With this goal in mind we planned and are now implementing Operation BREAKTHROUGH, a program designed to identify and demonstrate solutions to the problems obstructing large-scale housing production in the nation.

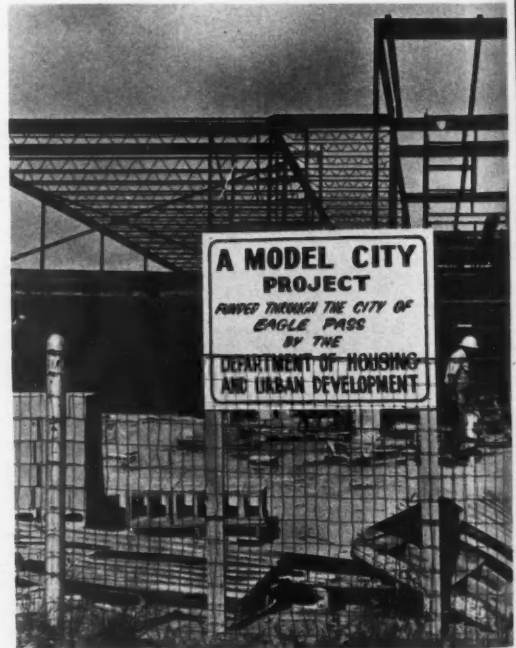
BREAKTHROUGH focuses on directing more of our national resources toward increasing housing production. We are seeking improvements in design, production, land use, management, financing, and marketing of housing systems, while at the same time providing improved environmental quality, and low-cost maintenance. Efforts are under way to eliminate the constraints that have prevented the use of existing advanced technology and the development of new and improved technology.

This three-year research and demonstration program includes the construction of more than 2,000 industrially produced dwelling units on nine demonstration sites across the country.

We have broken ground on the sites and expect to complete construction of the prototypes during 1971. BREAKTHROUGH benefits are already evident, however. Among these are the assumptions of a stronger State role in housing, State sponsored industrialized housing laws,



HUD Assistant Secretary for Research and Technology Harold Finger participates in the groundbreaking ceremony for Operation BREAKTHROUGH in Macon, Ga. This was the first of eight groundbreaking ceremonies throughout the country.



This site, when construction is completed, will house the new Austin Elementary School in Eagle Pass, Tex. It is another Model Cities project, administered and funded by Eagle Pass CDA and HUD.

the increased interest of private financing sources, the outstanding cooperation of labor unions, many of which have agreed to build houses in factories and assemble them on the site, and development of performance criteria for housing. An important overall effect of **BREAK-THROUGH** has been to encourage new approaches in building and site development and to put pressure on the constraints to housing development. The involvement of a great number of organizations in the program will result in significant changes in the building industry, changes that will hasten the achievement of our goal.

Model Cities Innovations

A good example of this Administration's overall effort to bring governmental power closer to the people is our Model Cities program. We have made significant policy and administrative changes, converting Model Cities from a Great Society program to a New Federalism program.

During the past two years, Model Cities has moved from planning to action, as most of the 150 cities in the program have begun tangible projects. We have transferred administrative responsibility for the program to the chief executives of the cities while reaffirming but clarifying the advisory and nonoperating role of involved citizens. State governments also have become more involved. At the same time, we have streamlined the processing of applications and sharply reduced the submission of required reports.

An innovation just getting under way in several cities is the planned variations program in Model Cities which will improve not only the Federal capacity to respond effectively to Model Cities, but also the ability of cities to identify and respond to their own problems. The major variations would eliminate all but statutorily defined Federal reviews of the use of funds, permit widening the program to the entire city—we have lifted the artificial 10 percent limitation on Model Cities Neighborhoods—and grant cities' chief executives certain control over Federal categorical programs. This is New Federalism in action.

Environmental Concern

Growing national concern over the quality of our environment has prompted the Federal Government to take steps that will lead to a better future for all. In our office of Metropolitan

Planning and Development we have established a new Environmental Planning Division to provide a focal point for environmental considerations throughout HUD programs. In addition to its responsibilities for identifying environmental issues arising from planning urban design, water resources and transportation aspects of urban development, the division acts as a liaison with the Environmental Protection Administration.

Equal Opportunity

Established in 1968, HUD's Office of Equal Opportunity is actively engaged in educating Americans concerning their rights under the Fair Housing and Equal Economic Opportunity provisions of the law. One significant area of interest has been in helping develop local plans to use minorities on HUD construction projects and to investigate discrimination complaints on HUD projects. The office developed the first nationwide registry of minority contractors and subcontractors, which has been widely distributed to Federal procurement and contracting offices and State agencies. Equal Opportunity also contributed another important first—a manual on minority business opportunities, telling how small and minority group businesses and professionals can become involved in HUD programs.

Flood and Riot Insurance

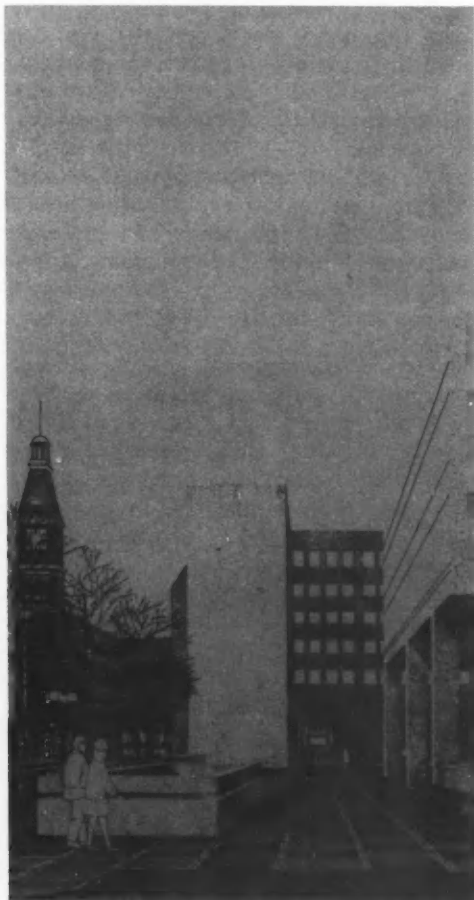
The tremendous growth of the Flood insurance program since its inception in 1968 as demonstrated by the fact that some 400 communities in 34 states have established coverage. Similarly, FAIR plans (fair access to insurance requirements) are now organized in 26 states, the District of Columbia, and Puerto Rico, furnishing cooperative services under the supervision of the state insurance authority of property insurance companies doing business in that state. These plans provide property owners in urban areas access to fire, extended coverage, and vandalism and malicious mischief insurance coverage.

What The Future Holds

I'm going to stick my neck out and make some predictions about what's ahead in housing. It's going to be exciting.

I believe the decade ahead is going to see a revolution in housing construction unmatched since men came out of caves and started building dwellings with their hands.

"We are now just in the first stage of the industrial age in housing production. But before the seventies are over, industrialized housing will dominate the market. I predict that by the end of this decade, at least two-thirds of all housing production in the United States will be factory produced."



The Skyline Urban Renewal area in Denver, Colo., will feature a large plaza when it is completed. Design consultants were Marvin Hatami and Associates and Tanaka and Associates.

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This means that a number of highly significant changes will be made.

First, I believe we'll see a reduction in labor costs. Average hourly earnings of construction workers have risen 20% in the past two years. This has added as much as \$1800 to the price of a new house. The American people are sick and tired of paying the tab for this upward pressure on costs. That pressure will be brought to a halt through a combination of direct Government action, new labor legislation, and the switch to industrialized housing which can be built without having to use high-cost trade union labor.

Second, financing costs will also be reduced. Once the factories are in place, industrialized housing will be built in far less time than conventional housing. This will significantly shorten the time a developer needs to borrow construction money. And that saving will be passed on to the home buyer. We will also solve the cyclical instability of the mortgage market caused by swings in monetary tightness. One way or another, both through direct Federal support and Federal stimulus and directives on private lenders, housing will see a more stable mortgage market than in the past.

Third, land will be more readily available for housing at more reasonable cost than has been true in recent years. I expect to see states and localities making significant changes in their property tax structures to help solve this problem. There may even be a role for Federal legislation in the form of a change in the treatment of capital gains from the sale of land, and to assist states and localities in advance acquisition of land through land banks.

I also expect to see major changes in local building codes. Either the present codes will be changed, or exceptions will be made to permit nationally acceptable industrialized housing in any locality regardless of the local code. If state or local initiative is too slow in moving in this direction, I see a definite possibility of some type of Federal action.

Finally, I expect widespread introduction of new materials to overcome present shortages of lumber, copper and other conventional items.

Many producers in our BREAKTHROUGH program are already planning to produce units with $\frac{1}{4}$ less wood than is used in standard dwellings. Unless lumber producers find new ways to step up production and cut costs, their future market opportunities will be limited.

The fruition of these predictions will come about through policies that permit and encourage a maximum of private effort in cooperation with government leadership—local, State and Federal.

Looking into the future is a risky occupation. But as we do, our tremendous housing needs literally leap out at us. Necessity breeds invention—but it also breeds production. Our task is enormous and our time is short. But we must and I predict we will succeed.

Summary

In this brief summary, it's possible to get just a glimpse of the great many facets of the work

we are doing. I emphasize *are doing*—because I've actually been talking about a process, not a set of final accomplishments. We are looking ahead to the future by trying to institute far-reaching policies that will be flexible enough to meet the needs of tomorrow.

Our overall task is tremendous. Our responsibilities, therefore, are many. Many past actions have been fragmented and disconnected in responding to the challenges before us. I call upon all to continue and expand our cooperative effort.

With improved organization, clearer policies, and more definite goals we can join our efforts more effectively toward achieving social and physical environment for every American family with strengthened institutional capacities of State and local units of government.

In unity lies our strength. In unity we will meet the challenge. ☺



Portland, Ore., urban renewal features the Portland Center apartments and shops near the new South Auditorium.

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Portland, Ore., urban renewal features the Portland Center apartments and shops near the new South Auditorium.

editor's notebook

HUD launched **Project Rehab** in 1970 to help cities undertake large-scale, low-cost rebuilding of absentee-owned apartment buildings. By year's end, 15 cities were involved in rehabilitating approximately 30,000 units.

The 1968-enacted **HUD Flood Insurance program** now covers more than 400 communities in 34 States. Similarly, **FAIR plans** (fair access to insurance requirements) are now organized in 26 States, the District of Columbia, and Puerto Rico, furnishing cooperative services under the supervision of the State insurance authority of property insurance companies doing business in that State. These plans provide urban property owners access to fire, extended coverage, and vandalism and malicious mischief insurance coverage.

HUD guarantees of up to \$25.5 million have been approved for the development of two new communities. Flower Mound New Town, between Dallas and Fort Worth, Texas, with up to \$18 million in Federal guarantees, will be built on a 6,156 acre site, and will eventually provide housing for more than 60,000 people in four villages. About one-fourth of the site will be reserved for open space. The second new town, Maumelle, Ark., 12 miles from Little Rock, plans 14,349 dwelling units in five villages. Maumelle's 5,319 acres include a commanding view of the Arkansas River and four lakes. HUD has previously provided guarantees under the New Communities Act of 1968 to Jonathan in Chaska, Minn., St. Charles Communities in Charles County, Md., and Park Forest South, Ill.

The nonprofit **Home Investments Fund** is helping minority families purchase homes in Chicago suburban areas. Aided by investment funds from private business foundations, the Fund has made eight loans and advised some 125 human relations and church groups working for integration.

Instead of exchanging Christmas gifts, HUD's **Equal Opportunity staff** sent a check for \$273 to the Emergency Relief Fund of the NAACP. The money will purchase \$6,552 in food stamps for malnourished children living in Mississippi.

In addition to the service given by the **HUD Library**, as mentioned in our January issue, each of HUD's Regional Offices has a library to meet local needs. The Area Offices also have working collections of books and periodicals.

HUD has provided temporary **emergency housing** during the past 15 months to more than 10,000 families made homeless by natural disasters through Hurricanes *Celia* and *Camille* and the brush fires in Southern California.

Since its creation in 1934, **HUD-FHA** has insured more than \$135 billion worth of mortgages.

Twenty-six HUD employees received **Presidential Management Improvement Certificates** for their role as members of a working group in decentralizing HUD's operations to new regional and area offices established in key cities across the country. The team consisted of diversified personnel both from the Washington office and the field. Secretary Romney personally presented the certificates in the HUD Departmental Conference Room.

Spencer E. Nevan has been named Special Assistant to the Administrator, Oscar Pederson, in HUD's Seattle Region. For the past six years, Mr. Nevan has been Executive Director of the Washington Real Estate Educational Foundation.

Five HUD employees have been accepted for the 1970-71 Intergovernmental Affairs Fellowship Program. They are **Dennis Carr**, Atlanta Regional Office; **Alvin L. Grisby**, MPD, Central Office; **Thomas Sherman**, HPMC, Central Office; **Benjamin Taylor**, MC, Central Office; and **John H. Eiland**, RHM, Central Office.

Miss Paula L. Jewell was appointed Special Assistant to Samuel C. Jackson, Assistant Secretary for Metropolitan Planning and Development. She will assist Mr. Jackson in implementing plans, programs and policies basic to the mission of the Office of Metropolitan Planning and Development.

Miss Pastora E. San Juan was appointed Special Assistant to HUD General Assistant Secretary Samuel C. Jackson. She will work closely with Mr. Jackson in carrying out his responsibility to assist Secretary Romney in the development and implementation of basic policies for all HUD programs.

George W. Snowden was appointed Director of the Relocation and Special Services Division of the Office of Renewal and Housing Management. Prior to his appointment, Mr. Snowden served as Assistant to the Assistant Commissioner for Multi-Family Housing in the Office of Housing Production and Mortgage Credit, a position he assumed in October 1969.

HOUSING GOALS

ARE THEY VALID OR JUST A NUMBERS GAME?

There is general agreement that *"a decent home and a suitable living environment for every American family"* is a just and desirable goal.

Set by Congress in 1949, the goal has become a focal point for planning and action and a rallying and taking-off point for local, state, and national housing programs. It has come to be considered central to the community's "good life" aspirations for all its people.

Congress did not specify how the national goal might be achieved. That was left to local communities and private organizations which have the option of planning, developing, and carrying out programs to meet local needs.

But Congress expressed the strong hope for the goal's "realization as soon as feasible" and enacted programs to speed achievement of the goal. In 1968 Congress re-examined the goal, affirmed it, and, this time, quantified it.

In the Housing and Urban Development Act of 1968, Congress declared it *"a matter of grave national concern"* that the housing goal had *"not been fully realized"* and *"The Congress reaffirms this national housing goal and determines that it can be substantially achieved within the next decade by the construction or rehabilitation of 26 million housing units, six million of these for low- and moderate-income families."*

Congress expressed the belief that *"there exists in the public and private sectors of the economy the resources and capabilities necessary to the full realization of this goal."*

To help achieve the goal, Congress strengthened and extended existing Federal aid programs, and authorized new programs of interest rate subsidies to assist lower income families to buy or rent decent housing; liberalized FHA mortgage insurance to encourage low-income buyers; and provided financing guarantees for private developers of new communities that were to be planned to provide housing for all income levels.

Ideal Becomes Number

It was no happenstance that translated the ideal of a decent home into numbers.

The judgment that the nation needed 26 million housing units by 1978 was based by Congress on economic and demographic analyses. These took account of the number of new families formed each year, of losses from the housing supply through demolition and casualties, of

the number of units required to replace substandard housing, and of the maintenance of an adequate vacancy rate. The following table from the hearings of the Senate's Subcommittee on Housing and Urban Affairs summarized the projected need:

Projected Housing Needs 1967-77

	Millions of units
1. For net additional household formation	13.1
2. To permit an increase in vacant units including seasonal units	4.4
3. To compensate for units abandoned because of population shifts	1.0
4. To compensate for demolition, casualty, and other losses of nondilapidated units	2.0
5. To permit the removal of all existing dilapidated units	2.0
6. To permit the removal of all units becoming dilapidated over the decade	2.0
7. Rehabilitation of nondilapidated, sub-standard units without public assistance	1.7
New units and unassisted rehabilitation	26.2

The volume of housing proposed in the 1968 Act, according to testimony of then HUD Secretary Robert C. Weaver, involved certain assumptions as to the gross national product, the distribution of income, natural growth and development, and the total credit demands of the economy. He said he understood that the *"large commitments and ambitious undertakings"* would *"strain the capacities of all the public and private organizations which must be involved."* But he believed *"the risk is worthwhile because the rewards of success are so important to our national life."*

The record of testimony and discussion on the 1968 Act, extending over 1400 pages, indicates near unanimity on the housing goal and its basis. Among those who praised it was the then president of the National Association of Home Builders.

"We are particularly pleased," said Lloyd E. Clark, *"that, for the first time, (there are) national goals in*

numbers, in all income ranges, and in time... I hope eventually we will have an even more well defined approach to national goals spelled out in the law." And he added: "Our own figures... certainly support the 26 million units called for in the next decade."

A dissent came from former Senator Paul Douglas, chairman of the National Commission on Urban Problems, who agreed on the need for the housing but felt that on the basis of past experience, the time-table for fulfillment of the goal should be increased to 20 years.

Three Prerequisites

In May 1969, the House Banking and Currency Committee's subcommittee on housing began a review of the national housing goals.

HUD Secretary George Romney, the leadoff speaker, said three things "must happen" if we are going to have a chance of meeting—or even approaching—the housing goals.

"First, we must get inflation under control. Second, we need a systems breakthrough to new, high volumes of housing production. Third, we need adequate funding of programs enacted by Congress to provide housing for low- and moderate-income families."

About the validity of the goal, the Secretary said he believed that, essentially, it "remains as Congress enunciated it in 1949, 'a decent home and a suitable living environment for every American family.'"

As to the Congressional statement of achieving the goal in 10 years, Secretary Romney said, "I accept these goals: not as an engineer's measure, but as a reasonable expression of our national need by a knowledgeable and humane Congress which sought to give some definite expression to the ends we seek in housing... However, I am not prepared to endorse production schedules forecast by others in the past. Nor am I prepared to make predictions of my own. There are too many variables to make such predictions with any confidence."

The Secretary continued, "I would say we are in pretty general agreement as to what the housing goals are. It matters little whether 26 million units is exactly the right figure, or whether 25 million or 27 million might be a more precise measure of the need. The goal remains as Congress enunciated it in 1949... The challenge to us all is that today, 20 years later, we are so dismally far from having achieved that goal. The problem is how we can best seek its realization, not in the remote future, but in the years that lie immediately ahead..."

Presidential Report

President Nixon's first report to Congress on the national housing picture accepted the goals as valid and said that his Administration's extensive analysis showed them to be "consistent with other urgent claims on our productive resources."

Submitted to Congress on April 2, 1970, the President's report explained: "This analysis suggests that the construction and rehabilitation of 26 million housing units in a decade—including six million for families with low- and moderate-income—should meet the Nation's needs... This volume of housing can be produced if we follow appropriate policies."

America has the capabilities needed to do the job, the President said, but housing "must receive a higher priority in the allocation of national resources," if the job is to be accomplished.

Goal Helps Planning

Is the goal of 26 million units in a decade a valid and realistic objective? Congress has so determined, it has been backed by two Administrations, and generally accepted by local governments and their constituencies.

Miles L. Colean, consulting economist for the Mortgage Bankers Association, disagrees. Writing in *The Banker Magazine* for October 1970, Mr. Colean labels the legislative goal a "fraud" and its quantification a "bondage to preconceived legally embodied numbers."

"Twenty-six million," Mr. Colean says, has taken "on the aspect of Holy Writ." He objects to both "precision in definition and production quotas." He fears that "once the figure has been firmly established as administrative dogma, the objective of policy must be to make every possible effort to reach it." He prefers "safe generality" to the "dangerous exactness" of housing goals "enshrined in legislation."

Other economists also are reported to be questioning the validity of the goals. Prof. Arnold C. Harberger of the University of Chicago was reported "extremely disturbed and distressed" by the goal and studies by the Federal Reserve Bank of Kansas City and by Prof. Edward F. Renshaw of the State University of New York also questioned the need for 26 million housing units. A study by Dr. George Cline Smith, executive vice president of MacKay Shields Economics, Inc., reportedly finds "projections of 2.6 million to 3 million housing units a year 'border on the irresponsible.'"

Does disagreement with a goal invalidate it? Does acceptance by the generality of Americans validate it?

"A goal is a help in planning for future needs," Secretary Romney told the Mortgage Bankers Convention in October 1970. Noting the controversy over the national housing goal, Secretary Romney said, "Over 20 years ago the Congress set the now familiar goal of 'a decent home and a suitable living environment for every American family.' Just two years ago Congress translated that ideal into numbers... Now this figure has been called into question. I don't intend to get into a discussion of that, but we must keep in mind that it is a goal—a help in planning for future needs."

The Heart of the Matter

No one seriously challenges the need for more housing, particularly for families of low- and moderate-income. Nor is there a serious challenge of the need for the physical and social revitalization of our cities and small towns. Certainly, the desire for housing is there: by families and individuals in all walks of life.

These are the ingredients which compelled Congress to establish the national housing goal and a timetable by which we might measure progress toward its achievement. As Secretary Romney has pointed out, the goals are acceptable, not as an engineer's measure, but as a reasonable expression of national need. □

urban forum

"The time is now for the construction trades and the construction industry to face up to reality—a reality where strikes and costs are limiting its own future. The Federal stake in the construction industry is enormous. Unless the industry wants Government to intervene in wage negotiations on Federal projects to protect the public interest, the moment is here for labor and management to make their own reforms."

The President

News Conference, December, 1970

"The record of our past responses demonstrates the need for a national policy for community development, environmental protection, and economic development and growth. But we must insure first that the policy is the result of a partnership among various levels of government and between government and the private sector, and, second, that it strengthens State and local governments."

George Romney

Secretary of Housing and Urban Development

"In this industry, we've come a long way, but there's a lot of road still to cover. Actually, factory production of housing is not new. But what is different is our current ability to put all the advantages together in a package and make it work. To do this, we must expect to produce some fundamental changes—not only in the product itself.

"We must continue pressing our bureaucracy to be more responsive to the needs of industrial housing."

Eugene Gullledge

Assistant Secretary for Mortgage Credit/FHA Commissioner

"In my opinion, we have taken on a herculean mission as a Nation in trying to eliminate slums and blight. It is perhaps one of the most complex and difficult tasks, filled with countless physical, social, economic, political, and psychological pressures and problems..."

"...while Congress has created a program called urban renewal to help wipe out slums and rebuild our cities, the renewal program is, in a very real sense, very limited when it comes to having the authority and capacity to deal with the many different obstacles to the rapid and successful renewal of our slum and and blighted areas."

Norman V. Watson

HUD Acting Assistant Secretary for Renewal and Housing Management

"A real slum is where social chaos accompanies physical deterioration, a society where there is complete social disorganization. It is an area where the residents are not organized and who, therefore, cannot prevent such demoralizing influences as the trafficking of dope and prostitution and cannot force the city to pay attention to their needs. If you accept this definition of a slum, then it becomes clear that the cure for a slum is to build social organization into the slum community along with the necessary housing."

Malcolm E. Peabody, Jr.

HUD Deputy Assistant Secretary for Equal Opportunity

"Fannie Mae is a lady on a tightrope trying to walk the line between two conflicting responsibilities. On one side FNMA is obligated to help provide liquidity and stability to the mortgage market by purchasing mortgages from lenders, and the more

scarce that credit becomes the larger the role we have to play. On the other side FNMA has a statutory responsibility to provide its stockholders with a reasonable return on their investment.

"This dilemma of ours describes the unique nature of FNMA as a publicly held private corporation."

Oakley Hunter

President of the Federal National Mortgage Association

"If existing production methods are not adequate to meet the need, and if the existing work force is insufficient to meet the need, clearly a new way must be found. We are beyond the point at which we can permit the established method to continue with its insufficient production rate. Industrialized housing and systems building methods, and the Federal Operation BREAKTHROUGH program, can offer us the new methods needed to meet this housing need. Just as this nation produces 9 million cars annually through the use of a highly complex industrialized systems approach, so can we meet the needs we have defined in the area of housing."

Charles J. Urstadt, Chairman

New York State Housing Commission

"...the role of the Federal Government is to stimulate innovation, to encourage housing production, to assist families who need help to obtain housing, to encourage state and local actions for overcoming the constraints that now exist to increased production..."

Harold Finger

HUD Assistant Secretary for Research and Technology



whatever happened to community spirit?

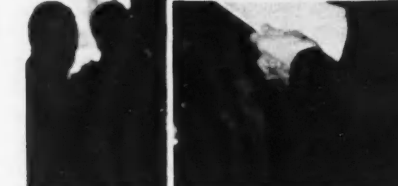
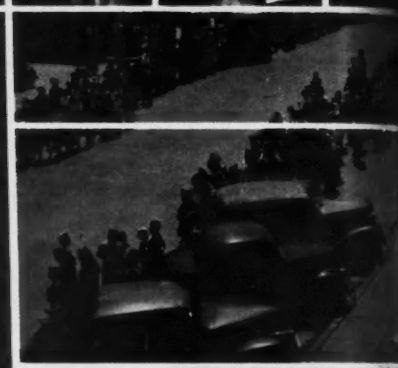
By William Houseman

These Americans are the most peculiar people in the world. In a local community in their country, a citizen may conceive of some need which is not being met. What does he do? He goes across the street and discusses it with his neighbor. Then what happens? A committee comes into existence and then the committee begins functioning on behalf of that need. You won't believe this, but it is true. All of this is done without reference to any bureaucrat. All of this is done by the private citizen on his own initiative.

Alexis de Toqueville

Once upon a time—and not so very long ago, at that—Americans trusted each other. They did not treat each other, in Kurt Vonnegut's phrase, "like garbage."

It was amazing! Americans did go across the street and start a committee, just as de Toqueville remembered their doing over a century and a third ago. They did nurse a sick neighbor, mind a baby, bake a cake for a newcomer, help fix a roof, borrow a cup of sugar, march in the Memorial Day Parade, collect baskets of food for the poor—and even serenade the rich!





There are still places, of course, where neighborliness survives; where committees are started; and where the community itself enjoys a reputation for being "friendly." But there are dismaying numbers of towns in this country where a once vital sense of community harmony has been all but extinguished.

Hometowns Change

My hometown, for example. It is no better and no worse than a hundred other places. You couldn't find a more middle-America, middle-size, middle-western town anywhere.

We used to say "Hello" to total strangers on the street. And while memory mercifully glosses over childhood's ugliest experiences, it seems fair to recall that we lived without today's pervasive anxieties and fear of physical harm. Many people never locked their doors. Many, like our family, lived in a racially mixed neighborhood. In school, we elected blacks and whites as student body officers self-consciously, perhaps but without any special rigging or rancor.

My hometown was no bed of roses; doubtless, there was plenty of bigotry, many social and economic inequities. But nearly everybody in my hometown believed that it was a pretty decent place to live.

Not so today. A good many people, especially the elderly, are afraid to go out at night. They install triple locks on their doors. Cab drivers get mugged by addicts. And, most anguishing of all, the sons of my black and white childhood friends have taken up bludgeons and waged pitched battles.

What has happened to community spirit? I

believe it simply got trampled to death in the pell-mell rush of affluence. In the nineteenth century, when the great majority of American communities were founded, a town's business and cultural life grew apace with its population. There was a semblance of planning, usually predicated on recognition of the simple fact that the town center acts as a magnet. Thus the thousands of Main Streets, town squares, and parks across from the courthouses throughout the land drew people from a wide market area to *their* community.

Community building in the current era, since World War II, has worked in just the opposite way. Growth has been hindsides-before, with subdividers calling the shots. All over the U.S., scatteration has been the anarchistic rule, with potato fields and corn fields and hillsides being converted to a more lucrative crop: houses, houses, houses. Expediency has dictated houses first, community later.

Suburbia can be described as an overdeveloped body of shelter with a vestigial nervous system of pre-fab churches, strip highways, and a franchise mentality. In order to have a viable community, not to mention a community *spirit*, you've got to have the cultural-social-economic core that spells community. And such a core depends for its vitality on local people with local commitments.

Commitment Needed

Not nearly enough people are committed. In the age of the organization man, the natural leaders of a community's political and cultural life simply don't lead. They are either reluctant to stick their necks out and risk embarrassing



Photo courtesy of Standard Oil of N. J. Collection University of Louisville Photographic Archives

their corporate bosses, or they are just too wrung out by the success struggle. These same people, often the brightest and best trained in town, are commuters. Shadyoaks is where they eat, drink, sleep and, when sufficiently aroused, fight the passage of bond issues for school improvements.

To have a going community, you need stability. Not only was Rome not built in a day, but neither were Boston, Keokuk or Cheyenne. The way a town builds its spirit is by ensuring its continuity. Sons, when they're old enough, enter their fathers' trades or businesses. Even more important, they take on those crucial quasi-public roles that give a town its character, its color, and its moral tone. Vestryman, fraternal lodge leader, scoutmaster, P.T.A. president, garden club treasurer—these and dozens of other moderately thankless tasks are what keep families, neighborhoods, and whole communities plugged in and generating civic dynamism.

The only trouble is that the continuity that influences civic-mindedness has all but vanished. How could it be otherwise? A quarter of the U.S. population changes its address every five years. So even if our suburban environment were better ordered, fewer and fewer families stay put long enough to develop an emotional bond with a particular community. Moreover, sons no longer aspire to be what their fathers are; and the quicker they divorce themselves from the look-alike suburb in which they grew up learning to deplore middle-class values, the better.

Mass Media

We live in an electronic society. This reality, as much as any factor, discourages the develop-

ment of a community's uniqueness, its flavor, and style. Whether you live in Wantagh, Long Island or Park Forest, Ill., you are fed the same TV and radio diet. You are subjected to Mass Think and Mass Feel, surely to the detriment of local values and virtues. Consider, for example, the loss of time and talent that might be focused on local affairs when some 40 million Americans are pinned to easy chairs watching a weekend's worth of football double-headers.

Indeed, as I discovered not long ago on arriving in Dallas on a Sunday afternoon, television can be literally *decimating*. Driving downtown with the friend who met me at Love Field, I felt as if I'd encountered a set from *On the Beach*.

Where is everybody? I asked.

That's a silly question, my friend replied. *They're all watching the Cowboys on TV.*

Of course, the fact that I had just crossed two-thirds of the country in a two-hour jet flight reflects on the deterioration of community values, too. The jet-propelled businessman not only spends too little time in his own town today, but also spends precious little time in anybody *else's*. Traveling at an elevation of 37,000 feet and a speed of 650 miles an hour, the air-borne American contrives to miss practically everything worth experiencing. He spends his life sitting down in impersonal airports, sleeping in impersonal motels, driving along impersonal strip highways to the centers of impersonal cities for meetings in impersonal curtain-walled skyscrapers with depersonalized corporate counterparts.



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Photo courtesy of Standard Oil of N. J. Collection University of Louisville Photographic Archives

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Meanwhile, across the thousands of miles between airports, the real America lies: communities without rail service, without competing newspapers, without locally owned business, without any real reason to feel any special distinction.

We have done our best to kill community spirit by reducing the role of the community itself. In our quest for affluence, we have boiled down the once-rich ingredients of community life to an oatmeal consistency.

Is there any chance of recapturing a sense of community spirit? Or is it just too late? The sensible answer would probably be the cynical answer: too late. But then you remember that the American traits so colorfully perceived by de Toqueville served this society well and long. Only recently have they been flouted, and the consequences are self-indicting.

What seems essential at this stage of civic disarray is to start recollecting what a community is supposed to *be*. The transcending purpose of any community, no matter the size, is to serve the civilizing needs of its citizenry. Too often in recent years, communities have not performed services; rather, they have practiced exploitation.

Civic exploitation comes in several unpalatable forms. Classes and kinds of minority groups have been exploited, of course. But so has the community itself. Instead of re-casting the role of an institution to meet a changing need, old-line leadership simply abdicates its responsibility. (A landmark church in the inner city is a classic case.)

Citizen Participation

The overwhelming evidence compiled by serious sociologists and others in recent years

points toward the urgent need for citizen participation in the shaping of decisions that affect an individual's life. Opponents of the literal democratic process argue that you can't get things done, that people really don't possess the expertise to determine what's best for them.

The history of U.S. communities argues the contrary. Before major cities began the wholesale annexation of peripheral neighborhoods early in the century, the civic problems within those neighborhoods were manageable. They were *felt* and *expressed* problems. And local political leadership was strongly pressured to act upon them. Since annexation, city government typically has provided poorer services at higher costs to citizens who are less involved with their own political destiny.

Community spirit comes from one source alone: the people who make up the community. The way to recapture it is to remember the way it was lost: by default. And the way to rekindle it is to enlarge both the scope of a community's interests and the number of citizen role-players. More fraternal, civic, hobby, religious groups are better than a few. For in diversity, there is action. And action is what makes a community shine. □

Mr. Houseman, editor and publisher of The Environment Monthly magazine, has authored and produced numerous articles, radio shows, and lectures on environment and housing. A former executive editor of House & Garden, he is now also a consultant to developers of new communities and planned unit developments. Last year he moved with his wife to the South Bronx in order to participate in the community development of this neighborhood.

inprint

Beyond Habitat, by Moshe Safdie. MIT Press, 1970. 244 pp. \$10.

Moshe Safdie was a 22-year-old student of architecture when he developed the thesis that became the Habitat exhibit at Montreal's Expo 67.

"I felt we had to find new forms of housing that would recreate, in a high-density environment, the relationships and the amenities of the house and the village," Safdie writes in his highly readable, very personal account.

In 1960 the idea of designing a housing system rather than an individual building was "very unorthodox," he says; "everybody looked very skeptically at the whole thing." His book, written in the first person, traces the continual struggles to get Habitat built, while at the same time struggling to develop his own ideas.

The problems Safdie faced are typical of idealists who attempt to confront the bureaucracy. The fact that he overcame the short-sightedness, jealousies, and compromises is encouraging.

"Very few people stuck their necks out for Habitat," he says. "It was a risky project, it was maybe not possible, it was the kind of thing that could easily tarnish you if you became involved." Safdie found the kind of people who shared his convictions and were willing to work hard to realize them.

"Habitat had to challenge the system at each of these levels... industry, the practice of labor, the by-laws, and the state of the building art of the time."

Many of the practical and political details of this journey are included in the book with Safdie's overall philosophies. His humility, lack of bitterness, and objectivity in discussing both his success and defeats are remarkable.

Out of defeats he finds success: a union building commissioned by students at San Francisco State College, but rejected by State officials, offered a challenging partnership with students. He points out in "a pleasant footnote," that the abortive Fort Lincoln project in Washington, D.C., suggested many ideas adopted by Operation BREAKTHROUGH.

And beyond Habitat lie further opportunities: his Habitat Puerto Rico and Habitat Israel, a 1,500 dwelling system outside Jerusalem; possibilities like nonstop motion transportation systems; and opportunities to develop exciting rhythms from manufactured boxes to create the "beginning of a contemporary vernacular."

This new idiom, he believes, must grow naturally out of our present needs and past examples, for "Aegean hill villages, Arab hill towns, or Indian pueblós are the true building systems."

T.H.L.

Recent Books

■ *Cities in Action*, by Eugene Van Cleef. Pergamon Press, 1970. 235 pp. \$9.50. A survey of some of the issues and solutions to city planning problems by examining such subjects as pollution, ghettos, the exploding city, and changing land values.

■ *Planning Cities: Selected Writings on Principles and Practice*, by Frederick H. Bair, Jr., edited by Virginia Curtis. American Society of Planning Officials, 1970. 491 pp. \$12.50. Practical advice about the planner as a policy maker and technician with discussions on planning principles, land-use regulations, and zoning.

■ *Housing: The Social and Economic Elements*, by Wallace F. Smith. University of California Press, 1970. 511 pp. \$12.95. Designed as a text for the field of urban studies, this book considers the institutions comprising the housing sector—legal, social, financial, and technical.

■ *Population, Resources, Environment: Issues in Human Ecology*, by Paul R. Ehrlich and Anne H. Ehrlich. W.H. Freeman Co., 1970. 383 pp. \$8.95. A comprehensive, detailed analysis of the worldwide crisis of overpopulation and the resulting demands on food, resources, and the environment.

Free Urban Publications

■ *Detroit 1990: An Urban Design Concept for the Inner City*. Prepared by a design team under the direction of Detroit Director of City Planning Charles A. Blessing, the publication explores the potential urban environment of Detroit in 20 years, including housing, parks, shopping centers, schools, and jobs. Single copies are available from: Charles A. Blessing, Detroit City Plan Commission, 8th Floor, City-County Building, 2 Woodward Ave., Detroit, Mich. 48226.

■ *A Program for Older Business Districts: Baltimore*. This report of a pioneering effort to find solutions to the problems of deteriorating older business areas includes a systematic planning program for improving shopping districts in older residential areas. Single copies may be obtained from: Mr. Herman Katkow, Mayor's Advisory Committee on Small Business, 230 Tower Bldg., 222 East Baltimore St., Baltimore, Md. 21202.

\$42 MILLION FOR LOW-AND MODERATE- INCOME HOUSING

By
George W. DeFranceaux
President, National Corporation
for Housing Partnerships



George W. DeFranceaux has been associated with the real estate, building and mortgage banking fields since 1934. He retired from Frederick W. Berens, Inc. (and its subsidiaries) to join the National Corporation for Housing Partnerships as executive vice president, and was elected president in October, 1970. He is a past president of the Washington Board of Realtors, Inc., and Mortgage Bankers Association of America. He is a member of the Advisory Committee, Federal National Mortgage Association, a director of the National Eye Foundation and the Catholic Youth Organization.

An important goal of most people is homeownership. Yet, in many areas of the country, those interested in producing homes for low- and moderate-income families do not have the capital and technical assistance to move ahead in this all-important field, and they don't know where to get it.

It's surprising how few people know of the National Corporation for Housing Partnerships and the National Housing Partnership (NHP) and what these organizations can do to help.

The National Corporation for Housing Partnerships and the National Housing Partnership, organized under Title IX of the 1968 Housing Act with \$42,000,000 in private capital, are ready to help solve this problem with available cash and new ideas.

With this money and organization know-how, we hope to stimulate the development, construction, and management of 110,000 units of low- and moderate-income housing across the Nation in the next five years.

If the Corporation and Partnership succeed in assisting mortgage bankers, realtors, and builders with site evaluation, seed money, FHA processing, financing, bonding assistance, and project coordination, we will have helped generate one of the largest single surges of housing production in American history.

Sharing in this endeavor are NHP's national partners—270 leading industrial, labor, banking, and insurance organization. The Corporation and the Partnership are linked entities designed to provide the money and technical staff to produce housing for low- and moderate-income families.

Services Provided

The Corporation assists the development of local projects on an investment or consulting basis. It can provide a wide range of services to local housing programs, such as establishing joint ventures with local builders and community groups, forming local partnerships, and assisting in the development of architectural, engineering, and construction plans; it may provide aid in preparing applications for Government insurance and subsidy, arranging financing, assuring timely construction, and in all other activities needed to achieve the development of the project.

After completion of the project, the Corporation will assist in management of the housing, including the introduction and use of modern budgeting, accounting, and reporting practices and policies.

The National Housing Partnership is the principal source of risk capital (seed money) and equity.

To accomplish the goals highlighted by Congress in the Housing Act of 1968, the NHP is seeking builders, FHA mortgagees, and real estate and housing specialists interested in this type of housing for their communities. It would be an attractive investment for developers provided normal risks are met and overcome.

In addition to acquiring varying levels of equity interest in housing ventures, in partnership with local investors, NHP has begun an assessment of all the economic, social, and design aspects of federally assisted housing.



One example of the type of housing the NHP is developing in conjunction with a local partner.

NHP's Involvement

Examples of the Partnership's active participation include:

- The Rock Creek Terrace project in suburban Maryland between Rockville and Wheaton. Co-sponsored by NHP and Mid-City Developers, Inc., of Washington, this \$11 million project will provide 526 units of low- and moderate-income housing near the new Parklawn Building

of the U.S. Department of Health, Education and Welfare. This project is financed by a \$9.4 million mortgage insured under HUD-FHA's Section 236—which provides lower rents to eligible tenants through a Federal interest subsidy. The Federal National Mortgage Association (FNMA) agreed to provide the 39-year permanent mortgage.

- Sacramento, Calif., one of several cities and states where the Partnership (through its General Partner, NCHP) is developing Operation BREAKTHROUGH sites jointly with local construction firms under contract to HUD. Operation BREAKTHROUGH was initiated by HUD to demonstrate cost-saving methods of industrialized housing construction and new approaches to management. At Sacramento, 398 prototype units will include single-family townhouses, garden apartments, and high-rise apartments.

- On Chicago's south side, NHP has made a different sort of commitment. Here the Partnership made a 25 percent equity investment in Lake Park Manor, a \$3.36 million cluster of five apartment buildings. A major investment in the predominantly local partnership in Chicago is Commonwealth Edison Co. Community investors include the True People's Power Development Corp. The developer of the 164 units is Interaction, Inc., a group of white and black businessmen dedicated to better housing for inner city residents.

- In Tennessee, NHP is taking part in an effort to provide a balance of housing types and family incomes in a projected "new town, in town." The Partnership is allied with a local realtor and a construction firm to form the Knoxville Housing Partnership, which is completing final plans for part of a \$30 million redevelopment of the city's Mountain View Area. Low- and moderate-income apartment buildings will share 54 acres of urban renewal land with condominiums, a hotel, auditorium, and public parks.

- In Detroit, we have joined with a group of prominent local citizens, known as the Metropolitan Detroit Citizens Development Authority, to rehabilitate old buildings into 215 modern housing units in the center of the city. When completed, this project will cost an estimated \$3.5 million.

These are just examples of what can be done. The National Housing Partnership is actively approving many projects of all types and sizes in the large cities and the small towns.

Joining The Partnership

In many areas, those interested in producing homes for low- and moderate-income families are discussing with the NHP how they, too, can become "partners" and receive the capital and technical assistance they require to begin action on projects.

NHP has adopted a plan under which a project, originally developed as a nonprofit, may be converted into a limited dividend entity with the original nonprofit sponsor remaining as one of the general partners. If equipped to do so, this nonprofit sponsor may select the tenants and manage the project. This original sponsor may share in the cash flow (a more meaningful arrangement than that of the nonprofit proposal) and, in the majority of cases, the project would get underway more quickly.

Where NHP has invested in a project, the Corporation will manage its interests. The Partnership also plans to develop new concepts in participatory management to encourage the formation of tenant cooperatives and non-profit organizations that may ultimately purchase the local project. NHP along with its partners will gladly sell the project to a tenant cooperative—and it is possible for tenants to buy their apartments with very little cash investment. The recovered original NHP investment would be used to spur similar ventures elsewhere. This concept could be the basis for encouraging even more national investment to provide shelter for families with incomes ranging from \$3,000 to \$9,000 a year.

Need For Local Sponsors

The NHP has a flexible operation both in its Washington, D.C., headquarters and in the field, but it always seeks a local partner-developer, builder, or other responsible entity to be the local sponsor. This is considered essential if a project is to be completed in a timely and economical manner, then promptly occupied, and properly managed.

Where necessary, the Partnership is prepared to provide bonding and other capital assistance to permit a project to get underway and completed.

Because the NHP should generate a large market volume, it intends to learn if economies of scale are possible in building shelter for families in low- and moderate-income brackets. Plans are underway to use modern computer analysis to select and review project potential and performance. Market analysis, cost estimating, and accounting services are available.

What can local builders and other sponsors do to meet the compelling national need for housing? What assistance can they expect?

The NHP represents an opportunity for this group, with or without FHA experience in subsidy programs, to team up with capital and an experienced professional organization. Many qualified builders or other prospective sponsors with a good capital base are reluctant to go into these FHA programs unless they have a partner with capital to share risks and contribute expertise. A great opportunity exists for the small, experienced builders (including minority contractors and subcontractors) to become our "partners" or "contract builders," and to grow and prosper with the NHP's bond assistance and capital.

The Partnership offers a Washington office for local developers. It provides seed money, advances risk capital, makes loans for land acquisition, prepares architectural plans, organizes the project, evaluates projects, prepares applications, and supervises and coordinates the entire program. In other words, helps in every possible way.

Assistance can be provided to builders already in subsidy programs—builders who could handle more construction if they had more capital for expansion.

The NHP is a readily available partner with a source of capital for years to come. The Partnership is dedicated solely to helping others develop and build low- and moderate-income housing. It has no preferred sites. It takes capital risks from the beginning, not after a project is ready to go.

NHP CAN HELP

The National Housing Partnership and the National Corporation for Housing Partnerships can help you with the following services:

A Washington Office for local developers, a valuable communication center with HUD, the Federal National Mortgage Association, other Federal housing agencies, and Congress.

Seed Money to advance risk capital or make a secured loan for land acquisition, prepare architectural plans, and organize the project.

Equity Investment in local developments for low- and moderate-income families.

Site Evaluation of proposed projects, their economic feasibility, market requirements, and suitability for low- and moderate-income families.

Assistance with FHA Processing to obtain project approval.

Help With Financing Arrangements, completing and processing applications for construction, and permanent financing in cooperation with banks, insurance companies, mortgage bankers, and other financial institutions.

Project Coordination to supervise and coordinate the preparation of the program, architectural plans, financing, construction, leasing, and management.

Program Planning to identify different Federal, State, and local programs designed to assist in the construction of low- and moderate-income housing.

Banking to assist builders in obtaining financing, bonds, or letters of credit in appropriate situations.

Citizens Planning to coordinate local citizen groups to ensure that development programs are consistent with the overall objectives of the community.

For more detailed information on how to become a partner or how to obtain Assistance, write to:

The National Housing Partnership
1133 — 15th Street, N.W., Suite 720
Washington, D.C. 20005

The NHP is considering both urban and suburban sites. Entirely new towns can warrant the Partnership's financial and technical assistance. The chief prerequisite is that a proposed project help to achieve one of America's basic philosophies—that all citizens should be brought into the mainstream of better living and better achievement. ☺

HOME- OWNERSHIP FOR MINORITY FAMILIES



Settling into their new homes are three of more than 4,000 minority families aided by Bank of America's New Opportunity Home Loan Program—the Jose Quezades of East Los Angeles (top), the Larry Oranges of Watts (left), and the Dillard Leslies of Los Angeles (right).





The Dillard Leslies and their 14 children moved five times while searching for a home. Four of their houses were condemned for new construction and one was located 75 miles from Leslie's job in Los Angeles. But after 12 years of unwanted mobility, the family is now comfortably settled in a \$30,000 seven-bedroom house in Los Angeles' Crenshaw district.

The Leslies are among more than 4,400 minority families who have become homeowners with the help of the Bank of America's New Opportunity Home Loan Program. Operating out of key branches in minority neighborhoods throughout California, the program has \$100 million available for loans to construct, buy, or improve homes for low- to moderate-income families.

"Our aim is to promote local, not absentee, ownership by minority families. This is not a hand-out or a welfare program," says Charles E. McCarthy, Vice-President in charge of real estate loan development.

MINIMUM HOME STANDARDS

The New Opportunity Home Loan Program covers one-to-four-family unit homes. Each unit must contain at least 750 square feet with two bedrooms and one bath.

At the start of this year, the privately owned bank had committed \$72,366,000 and was processing about \$5 million each month in loans for this program. One of these loans went to Jose and Maria Quezada of East Los Angeles, who had almost given up hope of purchasing a home for their family of six when they discovered the program. Quezada, a truck driver, and his family are now owners of a new, three-bedroom house costing about \$18,500.

Mortgages available on approved HUD-FHA and VA terms are insured or guaranteed by these agencies. Homes must be sound and meet local standards. HUD's interest subsidy programs are used whenever possible. For example, the Larry Orange family of Watts was able to purchase a new prefabricated home through HUD-FHA interest supplement homeownership program (Section 235).

BANK'S HISTORICAL CONCERN

McCarthy pointed out that the program reflects Bank of America's continuing assistance in urban problem areas. "Through the years, Bank of America has provided a large share of mortgage funds in minority areas," he says. "However, we believe that the times require increased efforts. Second to job opportunities, the question of housing is paramount among minority group problems."

Since the bank started its Section 235 program in 1969, more than \$8.4 million has been committed. In another assistance program, the bank loaned about \$15 million for 17 low- and moderate-income housing projects in San Francisco, Oakland, Watts, East Palo Alto, and other California communities with minority concentrations.

A special staff of lending officers with experience in these areas helps applicants qualify for the New Opportunity Home Loan Program at the bank's key branches. The program will continue until the remainder of the \$100 million fund is exhausted. ☞

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Blighted areas within our metropolitan centers are highly visible and difficult to ignore, and the problems of the cities have attracted wide attention. Urban growth and sprawl, decaying structures, crowded schools, rising expenditures and falling revenues, dwindling employment opportunities, crime and violence, environmental pollution—all of these are recognized and publicized as elements of the urban problem.

As attention has been concentrated on the plight of the cities, the problems of small towns and rural areas have tended to be over-looked. Two-thirds of the inadequate housing in the nation is located in rural areas—a circumstance not widely recognized.

The need for improved housing in small towns and rural areas was recognized, though, by one agency that is doing something about it: the Tennessee Valley Regional Housing Authority (TVRHA).

Established in 1969 as a spin-off from the City of Corinth Urban Renewal Board, the TVRHA was designed to make homeownership possible for more low-income families in 10 counties in northeast Mississippi.

A family in Corinth enjoys the comfort of their own kitchen in single-family, low-income housing built under one TVRHA financing program.

Pattern of Authorities

TVRHA was aware at the outset of certain unfavorable omens: 16 of the nation's top housing authorities were facing bankruptcy, 51 others were in financial difficulty, and public housing in general had acquired a reputation for institutionalized drabness.

Said one TVRHA member: "Local housing authorities seemed to be fixed historically in one pattern, which is building projects for low-income families. 'Single family dwellings built as public housing, with a lease-purchase option available to moderate as well as low-income families, had been totally overlooked.'"

TVRHA's concept is based on changing the role of the public housing

authority from MANAGEMENT to CATALYST for housing production.

TVRHA is primarily concerned with long-range financing from both public and private sources. It does not build, sell, or manage housing. It is a financial institution, equivalent to a savings and loan association, acting as a conduit for the flow of money and credit and as a buyer-seller of mortgages. TVRHA lends money to any contractor who is building housing for low-income people.

TVRHA relies heavily on local initiative and support. Its objectives are:

- 1) To avoid the "project" pattern and build single family dwellings for as broad an income range as possible.

A three-bedroom Kingsbury Home is one of many attractive units offered for sale through TVRHA nonprofit subsidiary, Community Development Inc., and eligible for a mortgage under one of the TVRHA programs.



- 2) To dispel the notion that public housing can only be drab, low-income rentals.
- 3) To establish a sound financial base for the project.
- 4) To provide a pilot plan for both rural America and cities.

The TVRHA has worked extensively with Federal, State, and local agencies and governmental units including HUD, the Appalachian Regional Commission, the Mississippi Air and Water Pollution Control Commission, State Board of Health, the Governor's Office, 10 County Boards of Supervisors, and 33 municipalities. As a result of these coordinated efforts 1,000 units of Section 23G low-rent public housing were approved by HUD in June 1969 with an annual commitment of \$1.6 million.

The TVRHA created a subsidiary nonprofit corporation to acquire sites and to produce and manage housing. Community Development, Inc. (CDI) is authorized to arrange for short term financing, then either construct or contract for construction of housing. It retains a small construction crew for construction cost comparison, in order to reflect increases or decreases in labor, material, and site costs. Using its control costs, CDI enters into "competitive negotiations" with each builder.

Once the units are built, CDI arranges short-term financing with local banks. CDI retains ownership of the houses without carrying its own indebtedness; the Housing Authority in effect becomes a mortgage company.

CDI then leases the 1,000 units of housing to the TVRHA under the Section 23G program. TVRHA in turn contracts with CDI to manage the leased units. Financial management is entrusted to private banks.

Homeowner Program

Within a two year period, TVRHA hopes to convert all tenants into homeowners. Income limits for homeownership (Section 235) housing are the same as rental housing both for uniformity and easy movement into the Section 235 program. Rent and mortgage are basically the same.

Through a concept of individual home maintenance, the individual does his own maintenance for a fee which goes into an escrow account. Equity accounts are created so the renter can save enough money to meet the Section 235 down payment requirements.

This program is not limited to Section 235. In some instances, an individual's income could be increased enough to qualify for housing under a conventional HUD/FHA mortgage or Farmers Home Administration program.

Once the individual becomes a homeowner, TVRHA must acquire another unit of leased housing to meet the 1,000 unit commitment to maintain its Federal public housing annual contributions. Consequently, a new unit of housing is generated.

By last fall, TVRHA had completed 116 homes. Of this number, 76 will be made available under the Section 235 program and 40 homes will

be leased. Sixty additional homes are under construction. Of those completed, sales contracts have been signed on 37 of the sub-division occupants, about 60 percent are white and 40 percent black.

In another area, TVRHA is responsible for bringing 33 preassembled townhouses into the Corinth Tornado area. Built by Stirling-Homex Corporation of Avon, N.Y., the units were shipped 950 miles by rail, the first such shipment. Factory-produced housing had previously relied on trucks with a delivery range of only 400 miles. TVRHA also has undertaken the construction of 24 National Homes townhouses for the elderly in the urban renewal area. ☛

This article was prepared by Leonard Elenowitz, Intergovernmental Relations Officer, and Sue Wylie, a summer intern, in Metropolitan Development and Planning, Office of Small Town Services and Intergovernmental Relations.

The construction crew of Community Development, Inc. raises the wall of one of the units financed through TVRHA. The crew is maintained for accurate construction cost comparisons on contract bids from local builders.





If you can't afford to buy land for a recreation center, put it on water. And in Pawtucket that's what they did. They got themselves a ferryboat.

The Pawtucket Model Cities Demonstration Agency wanted local youngsters to have adequate recreation facilities. The cost of land and a building of the size they felt they needed was at least three-quarters of a million dollars. That was out of reach.

John Sheehy, an Agency staff member, learned that the State of Rhode Island was auctioning off a ferryboat that would no longer be needed because it had been replaced by a bridge. He suggested to John A. Sasso, Director of the Agency, that they try to get the boat for use as a recreation center.

Mr. Sasso conferred with Pawtucket Mayor Robert F. Burns and Governor Frank Licht. The Governor decided that the bids the State was receiving were not high enough, and proceeded to sell the boat to the Agency for \$1.00.

The new recreation center, called simply, "The Ferry," is supported by \$110,395 of Model Cities funds from HUD.

Community Cooperation

To get the project organized, Mr. Sasso held a number of meetings with about 100 of Pawtucket's youngsters. From this group the youngsters selected 15 to be members of the center's board of directors. These 15 then interviewed adults and chose 15 of them to complete the board. One of the adult members named by the teenagers is the Pawtucket Chief of Police.

As part of the organization process, 4,000 questionnaires were distributed throughout the school system to learn what the youngsters wanted in their recreation center. On the basis of their replies for the first year of operation the second deck will have a snack bar, an informal dancing area, ping-pong tables, and rooms for meetings and

RHODE ISLAND FERRYBOAT RECREATION CENTER





classes. The following year the plan is to re-do completely the lower deck that used to house cars making the bay crossing. That lower level will be furnished with movable partitions to allow for a basketball court, a movie theatre, and roller-skating.

There is a positive effort to attract young people from all social, economic, and ethnic groups. The capacity of the upper deck is about 500, and when the ferry is completely refitted, there will be room for well over 1,000.

The widespread community cooperation for the project is heartening. Rhode Island School of Design in Providence furnished a model for adapting the boat to its new uses, and in addition will offer ecology and esthetics courses on the boat. The Roger Williams College Urban Studies Program will provide courses in drama and music.

The Navy helped in moving the 66-foot-wide boat through the 69-foot span between bridge abutments. The real squeeze came in navigating the ship under the bridge with a clearance of four almost invisible inches—naturally at low tide! Also from the Navy came gangways and surplus heavy chain for mooring.

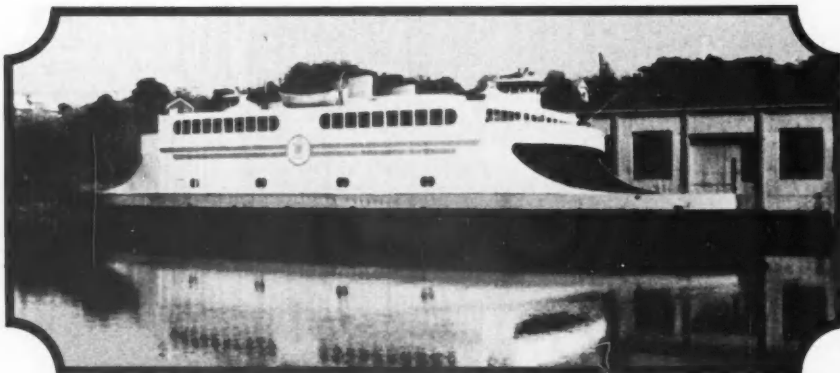
Of course the youngsters themselves contributed their labor, time, and effort to help clear away parts of the structure that are not to be used in the finished product.

A New Mission

The Ferry will continue to look like a ferry, but its new mission is to be as flexible as possible, to be able to respond to the moods and wants and needs of its "passengers."

The Ferry is moored at State Pier No.2 on the Blackstone River, right in the middle of Pawtucket. It is about a quarter of a mile from the center of town, and there is a plan to run mini-buses for transportation from the Model Cities neighborhoods.

"This idea of a water-borne recreation center," says Mr. Sasso, "can bring about a positive new concept in recreational facilities for young people." ☞



lines&numbers

Private housing starts hover around the 1.5 million mark.

.... Private housing starts for October 1970, seasonally adjusted, were at an annual rate of 1,550,000 units, 3 percent above the September rate of 1,504,000 units. Actual private housing starts for the current year through October are more than 100,000 units short of the total for the comparable period last year.

Private housing starts plus mobile home shipments, seasonally adjusted, rose to an annual rate of 1,932,000 units in September 1970, about 5 percent above the August rate of 1,832,000. July 1970 was the best month for the combined series, when the 2 million mark was topped.

The HUD share of housing production continues to grow.

.... HUD assisted housing starts during the first 10 months of this year accounted for 27 percent of private housing starts, nearly twice as big a share of the total private market as in previous years. For the past seven years, HUD's share of the private market has ranged from 14 to 16 percent. The previous high for HUD was 26 percent of privately owned nonfarm starts in 1950.

**Private Housing Starts
(Units in Thousands)**

1st 10 months of the Year	Number of Housing Units			Percent of Total		
	HUD	VA	CONVENTIONAL	HUD	VA	CONVENTIONAL
1970	320	50	811	27	4	69
1969	194	43	1,051	15	3	82
1968	188	48	1,048	15	4	81


Future support for HUD production in the private sector is indicated by the volume of applications for mortgage insurance. The number of applications received in October 1970, for 120,697 units, was up 11 percent over September and 33 percent over last October. Both home mortgage and project mortgage applications showed significant increases.

**Applications Received for HUD Mortgage Insurance
(Units in Thousands)**

1st 10 Months of the Year	Home Mortgages		Project Mortgages	
	NEW	EXISTING	NEW	EXISTING
1970	257	631	184	18
1969	158	608	75	8
1968	143	579	66	9

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